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AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,
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USE OF MARKETING CONTRACTS BY COOPERATIVES

Although marketing contracts or agreements have been used by cooperative associations for many years, there has been a marked increase in their use during the last five years. This is probably due to the rapid development of the large-scale centralized form of organization which stressed the iron-clad contract. It is true, however, that the views of many have changed considerably in the last year regarding what should be included as the essential features of a marketing contract. Nevertheless, the use of the formal contract seems to be on the increase. While a few years ago the use of contracts by cooperatives was the exception, now 16 per cent of all the associations reporting to the U. S. Department of Agriculture, with about one-third of the total membership, use contracts. In some sections of the country the contract is used by more than one-half of the active associations and in the marketing of certain commodities it is largely used.

Sixty-one per cent of the associations in the three Pacific Coast States use contracts as do also 59 per cent of those in the South Atlantic States stretching from Delaware to Florida and 56 per cent of those in the four East South Central States of Kentucky, Tennessee, Alabama and Mississippi. The percentages of associations using marketing contracts, for a number of the leading cooperative states, are as follows: California, 74 per cent; New York, 55 per cent; Washington, 53 per cent; Oregon, 37 per cent; Michigan, 21 per cent; Iowa, 8 per cent; Minnesota, 5 per cent; Wisconsin, 4 per cent.

Over one-half of the associations marketing poultry and eggs, fruits and vegetables, nuts, wool, and tobacco, use marketing contracts. The percentages for some of these commodities are: Poultry and eggs, 76 per cent; fruits and vegetables, 67 per cent; wool, 54 per cent. Less than 9 per cent of the livestock shipping associations use contracts, less than 8 per cent of the associations marketing dairy products and less than 4 per cent of those marketing grain. In this connection it should be noted that a few large-scale associations marketing dairy products and grain and using marketing contracts have within their organizations large fractions of the total number of producers marketing these products cooperatively. Reports from 69 large-scale associations using marketing contracts indicate that these organizations have about 28 per cent of the total estimated membership for cooperatives in the United States.

IDAHO POTATO ASSOCIATION CLOSSES FOURTH YEAR

Six hundred seventy-six car loads of potatoes were marketed during the 1925-26 season for \$688,267 by the Idaho Falls Potato Growers, Inc., Idaho Falls, Idaho. Growers received \$627,705 in advances and final settlements. This was 91 per cent of the sales value.

In addition to the marketing of potatoes the association purchased and sold to its members, sacks, binder twine, baskets and small seeds. These sales of supplies amounted to \$40,973, making the total sales for the business year, \$729,240.

Expenses for the year were \$19,519 including a reserve of \$6,719 for handling products. The assets of the association at the close of the year were \$25,774 and there were no liabilities except to members for capital supplied.

This association was formed February 10, 1922, and incorporated March 31, 1922. It started with about 200 members. During the 1922-23 season 450 car loads of potatoes were marketed. Shipments for 1923-24 were 365 car loads, for 1924-25, 426 car loads and for 1925-26, 676 car loads.

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NORTHWEST BOXED APPLES TO BE ADVERTISED

A new organization known as the Pacific Northwest Boxed Apples, Inc., has been incorporated for the purpose of bringing to the attention of the public the boxed apples of that section. It is stated that apple production in the country is increasing and the per capita consumption is decreasing and it is believed that apples are being forced out of the dietary of the American public by the aggressive advertising campaigns carried on in behalf of other fruits.

The organization is capitalized for \$25,000 in \$1 shares. To meet legal requirements all this stock must be subscribed. This was accomplished by allotting the stock to the several fruit districts on the basis of fruit tonnage, where it is now being subscribed by shippers of each district in blocks. By the shippers it will be sold to growers for whom they sell fruit. Ten thousand shares were allotted to the Wenatchee district, 10,000 to the Yakima, 3,800 to Hood River, and the remainder to several smaller districts.

Funds are to be secured by a deduction of one-half cent a box on all apples marketed during the 1926 season and one cent per box for the remainder of the five-year contract signed by the member-shipping associations. These deductions are to be used solely for advertising purposes, while the capital stock subscriptions will be utilized for working capital.

It is proposed to build a sound organization before proceeding to advertise extensively. By careful management and wise merchandising it is hoped to bring the apple back to a position of popularity with the consuming public.

NEW MEXICO ASSOCIATION MARKETS SWEET POTATOES

In a little more than twelve months the Portales Valley Sweet Potato Growers' Association, Portales, N. Mex., was changed from an enterprise on the verge of failure to a successful cooperative. The association was formed in 1919 in an effort to save the sweet potato industry of the valley from extinction. Substantial assistance was given the enterprise by the business interest of the community with the result that a suitable curing house was erected.

Not appreciating the importance of putting a quality product on the market the membership employed cheap help and they experienced poor sales and bad accounts. The enterprise continually lost prestige among its members and lost in financial standing, until a judgment had been rendered and an order of sale for the curing house was about to be issued. "Everybody knew cooperation was a failure." They felt that they had concrete proof of the alleged fact.

A few far-sighted members, rather than see the property go to private interests at one-third its real value, assumed the responsibility of bringing from a distance the person who had suggested the cooperative marketing program. In order to demonstrate that his original suggestion was sound he assumed the management of the enterprise and immediately set to work to bring about the adoption of plans which would insure the placing upon the market of a quality product.

The report of the association for the first year under the new management is at hand. Forty-eight straight cars of No. 1 potatoes were shipped, also l.c.l. shipments equal to 25 car loads. Crates, baskets, distillate and coal were supplied to members. Total sales were approximately \$80,000. A charge of 27½ cents was made against every crate of potatoes put in the curing house. Five cents of this amount went into a fund for reducing the debt against the curing house. Operating expenses were \$7,500. At the close of the business year in June, \$3,500 was applied toward reducing the old debt and \$1,500 was held for working capital for the coming year. Not a penny was lost because of bad accounts. The net returns to the potato growers were pleasing.

It is expected that during the forthcoming year the remainder of the debt on the storage house will be liquidated and that the association will then be in possession of property valued at \$25,000.

According to the manager's report, "now everybody knows that cooperation is a success." Furthermore, "we are being overwhelmed with applications for membership, which is now limited to our present storage capacity. No increase in storage capacity is to be considered until the association is absolutely free from debt."

TEXAS CITRUS EXCHANGE PLANS ADVERTISING CAMPAIGN

At the close of its third business year, August, 1923, the Texas Citrus Fruit Growers' Exchange, Mission, Texas, issued an illustrated report, printed in red and blue inks. This association was formed in 1923 to succeed the Lower Rio Grande Valley Citrus Exchange, which had been organized by 19 fruit growers in 1922.

The Exchange is a capital stock organization which owns and operates fruit packing plants and sells the packed fruit of its members. Its first year of operation it handled about 73 car loads of packed fruit, consisting of 25,493 boxes of grapefruit, 836 boxes of oranges, tangerines and mixed fruit, 17 boxes of lemons and 447 half-boxes of fruit. Its shipments for the 1925-26 season were 28,083 boxes of grapefruit, 539 boxes of oranges, 227 boxes of tangerines and 1,649 baskets of lemons. This quantity was equal to 112 car loads of 300 boxes each. It is reported that the shipments for the past season would have been much larger but for a severe freeze which destroyed a large portion of the fruit.

Packing house charges the first season were \$1.10 a box for oranges and \$1 a box for grapefruit. At the close of the season a refund of 10.28 cents a box was made to growers. With the same packing-house charges the second year, the refund was 12.04 cents. Packing charges were reduced for the past season to \$1 a box for oranges and 90 cents a box for grapefruit. Owing to the short crop the Exchange sustained an operating loss on its pack plants of \$10,928.

Seventy-three new members were added during the past year and but 12 withdrew. In most cases the withdrawals were because of sale of orchards. The total membership at the close of the season was 258.

Plans were made a year ago for an advertising campaign in connection with the marketing of the 1925-26 crop. Owing to the almost total failure of the crop the campaign was not developed further than the preparation of the dealer aids and the preparation of the copy for the advertisements.

It is now proposed to conduct the campaign in connection with the marketing of the 1926-27 crop. The advertising is largely for grapefruit and is built around the slogan, "Delicious without sugar." The brand name used in marketing the products handled by the Exchange is, "Texas Sweet Citrus Fruits." Ten cents per packed box is set aside for advertising purposes.

Considerable educational work is being done with members of the Exchange in behalf of quality fruit. Members are also being urged to set forth the advantages of the Exchange to their non-member neighbors.

MINNESOTA WHEAT ASSOCIATION TO TRY NEW PLAN

By a unanimous vote the directors of the Minnesota Wheat Growers' Cooperative Marketing Association recently determined to inaugurate a membership campaign based upon a voluntary pool. Under the plan adopted, community meetings will be held and arguments will be advanced by the farmers themselves to show the value of cooperative marketing through the pool. The work of solicitors will be done away with and the membership fee will be reduced from \$10 to \$2.

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FINAL SETTLEMENTS MADE BY NEBRASKA WHEAT POOL

A final statement and check under date of July 1 were sent to the members of the Nebraska Wheat Growers' Association, Hastings, Nebr., who delivered wheat to the 1925-26 pool. A total of 662,421 bushels of wheat was handled. The proceeds from the sale of the grain, including the inventory value of the unsold portion on May 31, were \$1,040,220. This indicates an average sales value of approximately \$1.57 a bushel.

The deductions from the 1925-26 proceeds were as follows:

Freight, handling and shipping charges	\$152,488
Storage	25,883
General administrative expense	16,503
Field service expense	6,528
Interest	8,191
Reserve for contingencies	20,805
Total	<u>\$230,398</u>

The reserve for contingencies represents a 2 per cent deduction on proceeds from sale. Expenses in connection with the marketing of the remaining wheat in the pool and the closing of the pool are estimated at \$3,456. Deducting \$11,000 of deferred organization expenses leaves a surplus in the reserve for contingencies of \$24,073.

The cost per bushel of performing the several functions connected with the marketing of the wheat are reported by the management as follows: Terminal storage, 1.68 cents; marketing and administrative expense, 4.25 cents; interest, 1.24 cents; total, 7.17 cents. In addition there was deducted for a reserve for contingencies, 3.14 cents; for farm storage, 2.23 cents; and for protein premiums, 2.12 cents. This makes a grand total of 14.66 cents. However, farmers who stored wheat on their own farms and who delivered wheat of a high protein content received more than the average per bushel for the grade of wheat delivered.

AVERAGES FOR FARMERS' ELEVATORS

Averages derived from the audits of 56 farmers' elevators in five states are given in a recent issue of the Farmers' Elevator Guide, Chicago, with the suggestion that they might be considered typical for the entire group of such elevators. The average investment for the 56 elevators was \$22,984. The depreciated average property value per association was \$19,130. Sales for 1925 averaged \$213,987. Sources of sales were: wheat, 21 per cent; corn, 26 per cent; oats, 13 per cent; other products, 40 per cent. Expenses of operation averaged \$8,343 for the 56 enterprises, or 3.8 per cent of sales. Salaries and labor accounted for 58 per cent of the operating expense. The average loss for the year, for those elevators having losses, was \$3,340; the average gain, for the elevators with gains, was \$3,179; and the average gain including all of the 56 organizations was \$1,900. Thirty-six of the companies closed the year with a surplus and 20 with a deficit. The surpluses averaged \$7,690 and the deficits \$6,459. Including the entire 56 companies the average surplus was \$2,280.

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NORTH DAKOTA WHEAT POOL REPORTS

The 1925-26 wheat pool of the North Dakota Wheat Growers' Association, Grand Forks, contained 3,239,698 bushels. Sales amounted to \$4,798,868 and expenditures, except for freight and terminal charges, were \$383,653. Growers received approximately 77 per cent of net sales.

The per bushel cost of marketing as determined by the association's accountants are as follows:

	<u>Cents</u>
Administrative expense.....	2.38
Office expense (Grand Forks, Minneapolis, Duluth).....	3.10
Field expense.....	2.85
Interest and exchange.....	1.39
Insurance and taxes.....	.64
 Total association expense.....	 10.36
Reserve for operations.....	.30
Freight, terminal charges, etc.....	21.69

Among the assets of the association on June 26, 1926, was an item of \$551,241 representing cash on hand and in banks. There was due growers at the close of the business year approximately \$422,800.

The quantities of wheat handled by this association since its organization are reported as follows: 1922-23 season, 2,981,063 bushels; 1923-24, 2,100,000 bushels; 1924-25, 3,828,214 and 1925-26, 3,239,698.

SASKATCHEWAN GRAIN MARKETING ORGANIZATIONS ARE CONSOLIDATED

On August 2, 1926, 73,453 Saskatchewan grain growers assumed control of one of the largest grain marketing organizations in the world. On that day they tendered a certified check for \$1,500,000 and took possession of the vast properties of the Saskatchewan Cooperative Elevator Company, Ltd., which, added to the properties already under their control, gives them a marketing organization covering every step in the handling of grain from the threshing machine to the export buyer. These 73,453 wheat growers have consolidated their marketing efforts in a single organization with 573 country elevators, 4 terminal elevators with storage capacity of 18,000,000 bushels, and a sales agency trained to sell in the world's markets.

The consideration for the transfer of the properties of the Saskatchewan Cooperative Elevator Company, Ltd., to the wheat pool was \$11,059,310.47. This was the amount of the award of the three arbitrators selected to appraise the properties. The elevator company offered to sell for \$12,424,331, and the grower members of the Saskatchewan Cooperative Wheat Producers, Ltd., through the Saskatchewan Pool Elevators, Ltd., a subsidiary created to own and operate elevators, offered to purchase at \$10,308,822. The award of the arbitrators, which listed each piece of property, was accepted by both the vendor and the purchaser. The check given, completed a first payment of \$2,000,000, an advance payment of \$500,000 having been made. The remaining payments are to be made at the rate of \$1,000,000 a year, with interest at 6 per cent.

The arbitrator's valuation of some of the properties were as follows: Elevators Nos. 1 and 2 at Port Authur, \$4,073,773; elevator No. 3 at Port Authur, nothing; cleaners at Port Authur, \$52,136; transfer elevator at Buffalo, N. Y., \$1,532,009; country elevators, \$4,992,007; office building and additional land at Regina, Sask., \$198,925; cottages and sites, \$44,818; and equipment at Regina, \$70,275. The awarded value of the local elevators varied from less than \$6,000 to over \$13,000. In most cases the value was over \$10,000. The country cottages at the elevators, and the sites were valued from less than \$700 to over \$2,300.

The Wheat Pool, which is the real purchaser of the properties, was formed in 1923 and on August 25 of that year incorporated as the Saskatchewan Cooperative Wheat Producers, Ltd. It began operating in 1924 and has marketed the 1924 and 1925 crops.

The Saskatchewan Cooperative Elevator Company, Ltd., which ceases to be a vital factor in the cooperative marketing of Saskatchewan grain with the sale of its properties, was organized in 1911 and began business with 46 country elevators. In 1912 a commission sales department was developed and in 1918 it opened its first terminal elevator. It has always been a farmer-owned-and-controlled enterprise, about 28,000 farmers being stockholders.

REPORT FOR MANITOBA WHEAT POOL

The third annual meeting of the Manitoba Cooperative Wheat Producers, Ltd., was held at Brandon, the last week in July. According to the report of the directors, read at the meeting, this organization marketed 12,472,786 bushels of wheat and 13,728,729 bushels of coarse grains (oats, barley, flax and rye) in the 1925-26 pools. The preceding season 8,444,000 bushels of wheat were handled, but no coarse grains.

The number of contracts in effect on July 15, 1926, was 27,587; 15,874 covering wheat and 11,713 coarse grains. These contracts were signed by 17,578 grain growers, 10,009 having signed both wheat and coarse grain contracts; 5,865, wheat contracts only and 1,704 coarse grain contracts only.

It was stated in the report that the central selling agency for the pools in the three prairie provinces had handled a total of 190,000,000 bushels of wheat of the 1925 crop and 26,000,000 bushels of coarse grains.

Among the developments of the past year by the Manitoba pool was the creation of a department of education and publicity which was established in October. It is the function of this department, in addition to preparing publicity and editing the association's paper, to collect material for a library dealing with cooperation, and to arrange for the exchange of information with other cooperative enterprises. Last winter a series of lectures were given for the combined staffs of the Manitoba and Saskatchewan pools.

It was reported that 448 local shipping committees are functioning, also 170 crop reporters who are furnishing statements regarding the development of the growing crops.

Eight local elevators were operated by the Manitoba pool last year, each handling about 170,000 bushels of grain. Twenty-two additional elevators will be operated the coming year.

Deductions from the proceeds of sale were authorized by the directors for the elevator reserve and the commercial reserve as follows: Elevator reserve, per bushel, wheat, 2 cents; flax, 2 cents; rye, $1\frac{1}{2}$ cents; barley 1 cent; oats, $\frac{3}{4}$ of a cent; commercial reserve, 1 per cent of gross selling price of all grain.

During the fiscal year the sales manager of the organization accompanied by one of the directors, visited Europe in order to keep fully informed regarding market conditions. A representative of the association is now in the Orient looking up new outlets for Canadian grain.

The operating staff of the Manitoba pool for the 1925-26 season numbered 76, including 8 elevator operators, 6 field men and 62 employees in the Winnipeg office.

MICHIGAN MILK PLANT ADDS MILK POWDER EQUIPMENT

Machinery for making milk powder has been added to the equipment of the Michigan Producers' Dairy Company plant at Adrian, Mich. This is an enterprise for handling surplus milk for the members of the Michigan Milk Producers Association. Business has increased over 350 per cent in the past three years as measured by the amount of milk received in June of each year.

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MASSACHUSETTS DAIRY ASSOCIATION FURNISHES REPORT

More than 11 million pounds of milk handled in 1925 is the report of the Worcester County Dairy System, Inc., Worcester, Mass. Of this quantity 82.7 per cent was sold in fluid form. The surplus, which was not sold as fluid milk, varied from 30.7 per cent of the total in April to 1.4 per cent in November, with an average of 17.3 per cent. Gross sales amounted to \$391,520, of which the producers received \$339,712 for their milk and cream, an average of \$2.974 per cwt. Cost of operation came to \$53,219, an average of 40 cents per cwt. A net profit of \$725 was realized of which \$313 was used for dividends.

This association was organized in 1923. It is engaged in the distribution of milk to dealers. On January 1, 1925, it had 374 members, and on January 1, 1926, it had 375. Capital stock outstanding on December 31, 1925, was \$72,200. The surplus on that date was \$56.10. Land, buildings, and equipment owned by the organization had a depreciated value of \$80,891.

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MERGER OF THREE NEW ENGLAND DAIRY SYSTEMS

Three dairy organizations in New England have decided to join forces under one management. These are the Springfield Dairy System, Springfield, Mass., the Worcester County Dairy System, Worcester, Mass., and the Manchester Dairy System, Manchester, N. H. The combined system will be known as the United Dairy System, but for the present each member-group will retain and operate under its present name in its own district. There will be one general manager who will direct the work of the plant managers.

It is stated that the plan for a united organization came about naturally as the three organizations were buying from and selling to each other to meet market conditions. The question of merging the three organizations was submitted to the board of directors of each organization and then to a meeting of the stockholders of each system. In every instance the plan was approved and authority was given the directors to sell the real estate, plants, equipment and business to the United Dairy System and to take in return a certain amount of stock based on the present value of each business.

KANSAS FARMERS' UNION MAKING BUTTER

Two million pounds of butter manufactured in a little over ten months, is the record of the Farmers' Union Cooperative Creamery of Kansas City which began operations in October, 1925, and has had a steady increase in business every month. All the cream for this quantity of butter came from Kansas. A ready market has been found for all the butter through a sales representative located in Philadelphia. Most of the butter has been sold in tubs but a considerable quantity has been put up in one-pound prints under the "Union Gold" brand.

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DAIRYMEN'S LEAGUE WORKING FOR EFFICIENT PRODUCTION

Steps are being taken by the Dairymen's League Cooperative Association, Inc., New York City, to increase the production of League milk during the fall and winter months and thus protect the markets of the organization. Arrangements are being made for a series of meetings at numerous places throughout the territory to call attention to the need for more milk late in the year in order to fill contracts. The meetings will be closely tied up with follow-up work among members by division and field men. More efficient dairying is the goal toward which the League is working. Members are not expected to increase their herds but to produce more milk per cow by better feeding methods.

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GROWING BUSINESS REPORTED BY WASHINGTON DAIRY COMPANY

The business of the Inland Empire By-Products Corporation, Spokane, Wash., is reported under date of May 31, 1926, as "growing very satisfactorily." The association manufactured over 100,000 pounds of butter during the month of May. Of this, 2,000 pounds per day was retailed in Spokane and the remainder was shipped to Seattle, bringing one cent above the usual market price. Present outlets for fluid milk amount to 65,000 pounds per day.

During the year ending December 31, 1926, the By-Products Corporation, sold 20,740,775 pounds of milk for the sum of \$363,475. Sales of sweet cream, cottage cheese, skim milk, condensed skim milk, and butter-milk, brought the total income to \$548,765.

The butter statement for 1925 shows 490,919 pounds sold for \$215,554, an average of 43.91 cents. Cost of manufacturing amounted to \$191,644. In addition to the daily market price for the season the association returned to the shippers the sum of \$10,858.

A statement from the manager says this organization is a holding company for the Inland Empire Dairy Products Association.

MINNESOTA EGG FEDERATION CHANGES ITS NAME

In consequence of action taken at the annual meeting of the Minnesota Cooperative Egg and Poultry Exchange, Inc., St. Paul, the name of that farmers' marketing enterprise has been changed to Lake Region Cooperative Egg and Poultry Exchange, Inc. It was also decided at the annual meeting to handle poultry feeds on a cooperative basis. These feeds will be sold under the brand name of "Lake Region."

At the close of 1925 the Exchange had working capital to the amount of \$41,442, the greater part of which had been accumulated in connection with the marketing activities. Net earnings from the sale of supplies during 1925 amounted to \$13,312. The expense of operating the Exchange for the year was two-thirds of one cent per dozen eggs. This amounted to $1\frac{1}{2}$ per cent of total sales. This expense covered expenditures connected with the establishing of a brand name, the advertising and selling of the eggs assembled, graded and packed by the member-units.

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OHIO POULTRY PRODUCERS PLAN TO IMPROVE QUALITY

An analysis of the affairs of the Ohio Poultry Producers' Cooperative Association, Wauseon, Ohio, was made recently at a meeting attended by directors and producer members. It was generally agreed that the organization was becoming stronger as it gained in experience regarding the merchandising of the eggs delivered by its members. Attention was called to the fact that the deficit arising out of getting started had been wiped out.

According to statements made by one of the leaders in the movement, "the association has passed the first year and is now on a sound financial footing. We have put our grades of supreme quality eggs into good markets. We have a reputation for honesty, honor, and good quality eggs and poultry. We are getting substantial premiums. We are further ahead."

The field service staff of the association has been increased by the addition of two men. It is proposed that stress be laid upon quality products and to that end the members of the association are being advised as to approved methods for handling eggs. A recently issued statement to growers reads in part as follows: "Our success as a marketing association has so far been due to the supreme quality of our eggs and poultry If we, as poultry farmers, improve the quality, grade, and standards, we shall obtain ever increasing prices for our products."

COOPERATIVES MUST KEEP FAITH

There are three groups of people with whom a cooperative must keep faith if it is to succeed. These groups are the purchasers of the products handled by the cooperative, the creditors of the enterprise, and its own members.

Faith must be maintained with the customers in order that they may not only continue to be customers, but that they may purchase in increasing amounts. One of the most certain ways for insuring a continued and increased patronage from old customers is to supply a product that exactly meets their needs, prepared according to a standard which never varies.

The establishment of high standards and rigid inspection of grading are the first steps in any program for creating and maintaining customer confidence. Probably more cooperatives fail to get the customer support that they desire because of the lack of stable standards than for any other reason. The members and the management of most cooperatives undoubtedly are abundantly supplied with good intentions. But business to-day is not built nor maintained on such a basis. Business develops and grows in an atmosphere of confidence - a belief that faith will be kept - always. Manufacturers have learned that permanent success is won only by high standards of quality below which their products are never permitted to fall. They have further learned that standards must be raised as their customers become more exacting, otherwise these customers will seek their supply from more satisfactory sources. Cooperatives must adopt the methods which have been found essential to success in other lines of business.

The cooperatives which are forging ahead to-day and becoming outstanding examples of success are those that are keeping faith with their customers by giving them a high-grade product; are ever raising the standard of quality and guaranteeing an unvarying quality through rigid grading and inspection.

A cooperative must also keep faith with its creditors, if it wishes to be numbered among the successful enterprises. It is imperative that adequate provision be made to promptly reimburse those who extend to it credit for financing its various transactions. Not infrequently friends of cooperation assist in the financing of specific enterprises in order that such efforts may get under way without undue delay. It is only fair to such well-wishers that their claims be met from the proceeds of the business at as early a date as is possible.

Lastly a cooperative must keep faith with its members. To do this it is incumbent upon the management to transact the business intrusted to its care with the highest degree of honesty and efficiency, and to keep the membership fully informed regarding their business.

The membership is entitled to full information as to what has been done, and the reasons for it. Executives who are remiss in this are courting serious trouble and eventual disaster.

A. V. Swarthout.

KENTUCKY COURT HOLDS AGAINST ABSENTEE LANDLORD

On June 8, 1926, the Court of Appeals of Kentucky decided the case of the Dark Tobacco Growers' Cooperative Association v. Daniels in favor of the association. The association brought suit for liquidated damages at the rate of 5 cents per pound, or the gross sum of \$238.75, and asked for \$75 in addition as attorney fees and expenses incurred by the association in the prosecution of the suit.

The defendant joined the association in 1922, and in that year and in 1923 delivered tobacco to the association. "Early in the year 1924 he decided to go to Akron, Ohio, and accept employment as a carpenter, whereupon he sold at public outcry most of his personal property and took his family and went to Akron. Before leaving Kentucky, he leased his farm in Warren County to one Matlock for the year 1924, without restrictions or limitations as to the kind or quantity of crops to be grown, Matlock agreeing to pay \$300 as rental, but not to pay any part of the crop. Nothing was said about growing tobacco on the farm. Matlock was not a member of the Pool. After Daniels went to Ohio, Matlock planted a crop of tobacco and raised about 4,775 pounds, which he in due course, delivered to and sold over a loose leaf floor, against the consent of appellant association."

The defendant claimed that inasmuch as he rented his farm for cash rent, he did not grow or produce any tobacco in the year 1924 and that under his contract he was "only required to deliver to the association such tobacco only as he produced or acquired or owned any interest in as landlord or tenant, and did not require him to deliver or cause to be delivered tobacco raised by a tenant paying money rent upon land owned by him if he had no interest in the tobacco as grower or landlord, by purchase or otherwise." The court answered this contention by saying that Section 18c of the Bingham Cooperative Marketing Act of Kentucky, under which the association was formed, created a conclusive presumption that the defendant "had control over the tobacco grown upon his lands in the year 1924." The language in question reads as follows:

In any action upon such marketing agreements, it shall be conclusively presumed that a landowner or landlord or lessor is able to control the delivery of products produced on his land by tenants or others, whose tenancy or possession or work on such land or the terms of whose tenancy or possession or labor thereon were created or changed after execution by the landowner or landlord or lessor, of such a marketing agreement; and in such actions, the foregoing remedies for nondelivery or breach shall lie and be enforceable against such landowner, landlord or lessor.

In construing the foregoing provision, the Court said:

The landlord could rent or lease his land and could thus control the sale and delivery of crops, and had the power by stipulation to reserve to himself the right to have tobacco or any other crop produced on his land sold or delivered upon a certain market or to a certain person or association. The marketing agreement and Bingham Act must be construed as a part of every rental contract or lease of lands for the purpose of raising farm products which the member makes with reference to land owned by him or in which he has an interest or over which he has control. In every such instance he has the legal right to exercise control over the crops. The spirit and substance of the Bingham Act and marketing agreement signed by the member requires him to exercise control over his lands to the extent of seeing that all tobacco raised thereon is marketed according to his agreement. A failure to exercise such control in the manner indicated is a violation of his agreement. Thus, we see that tobacco grown on the lands of appellee, Daniel, a member, and over which land he was and is conclusively presumed to have control as to crops, was sold and delivered in violation of the marketing agreement with the association. This, according to the marketing agreement, entitled the association to recover of appellee 5 cents per pound liquidated damages on all tobacco so sold, and such reasonable attorney fees and other expenses of litigation as were actually incurred in enforcement of its rights under the association agreement.

The foregoing case did not involve the right to an injunction or the specific performance of the contract. In the case of Louisiana Farm Bureau Cotton Growers' Cooperative Association v. Clark, 107 So. 115, a case which involved those remedies, the Supreme Court of that state held a provision in the Cooperative Act of Louisiana similar to the one under discussion, unconstitutional under the Fourteenth Amendment to the Federal Constitution.

L. S. Hulbert.

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KANSAS COURT SUSTAINS LAW FAVORING COOPERATIVES

The Supreme Court of Kansas, in the case of the Farmers' Co-op. Commission Co. v. Wichita Board of Trade, 245 p. 511, held that a statute of that state which prohibited boards of trade, which were not eligible to designation under the Federal Grain Futures Act, from refusing membership to cooperative associations and which also provided that "no rule of a board

of trade or contract market shall forbid or be construed to forbid the return on any patronage basis by such cooperative association to bona fide members, of moneys collected or made in excess of the expense of conducting the business of such association" was constitutional.

The Farmers' Cooperative Commission Co. instituted this suit to enjoin the Wichita Board of Trade from suspending its representative from doing business on the Board of Trade. The Board of Trade won in the lower court and the cooperative appealed. It appeared that the sole basis of the desire of the Wichita Board of Trade to exclude the cooperative from membership therein was on account of the fact that it paid patronage dividends. In reversing the lower court and thereby deciding the case in favor of the cooperative, the Court, among other things with respect to this matter, said:

The sole objection is that plaintiff sees fit to distribute its profits in a manner objectionable to defendant. One is tempted to inquire: What concern is it of defendant what plaintiff does with its profits, whether it retains them for additional working capital, or disburses them to its stockholders? And if it does disburse them to its stockholders, why should defendant be concerned with the basis of such disbursement, so long as it is satisfactory to plaintiff and its stockholders, and in conformity with the statute under which it was created? It may be doubted whether plaintiff's method of disbursing profits is correctly construed as a violation of defendant's by-laws against rebating or refunding commissions.

The Board of Trade contended that its business was not affected with a public interest, but the Court held that it was and in doing so, said:

But when an organization is created for the sole purpose of promoting the general welfare and supervising the conduct of those engaged in an important industry, to the extent that it determines who shall engage in it, and which deprives persons who conduct their business honorably and in conformity to law of the right to engage therein, it would seem that it has chosen to clothe itself with a public interest The conduct of the grain business, as regulated by defendant, and the market information distributed by it, materially affect the price of wheat in Kansas. The evidence discloses but one other board of trade in the state -- that at Hutchinson -- although there may be others.

L. S. Hulbert.

ALBERTA COOPERATIVE LEAGUE PLANS TO WIDEN CONSUMER MOVEMENT

In response to many requests from local associations all over the province for more information regarding the consumers' cooperative movement, plans are being made by the Alberta Cooperative League to widen the scope of the movement. Speakers are to be provided by the League wherever possible, at any points where the organization of a cooperative store is contemplated. In connection with this line of effort the U. F. A., the official organ of the United Farmers of Alberta, offers a prize of \$25 for the best article on cooperative stores.

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AN ENDOWMENT TO PROMOTE COOPERATIVE MARKETING

The earnings from an investment of \$128,800 are to be used by the specially created Manitoba Cooperative Marketing Board in the promotion of cooperative marketing of agricultural products in the province. The money invested was the amount of the allotment to Manitoba from the surplus resulting from the operations of the Canadian Wheat Board of 1919. The total amount of this surplus was \$757,000. Saskatchewan and Alberta also received substantial portions of the surplus and there still remains \$190,000 of the original amount.

Manitoba's share has been invested in bonds guaranteed by the Dominion government. About \$6,000 a year will be available for educational purposes.

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FARMERS OF SASKATCHEWAN AGREE TO AMALGAMATE

At a recent joint convention in Saskatoon, the Saskatchewan Grain Growers' Association and the Farmers' Union of Canada decided to join forces and form one new organization to be known as the United Farmers of Canada, Saskatchewan Section, Ltd. Reports of the meeting state that not a vote was registered against amalgamation. Every point of difference had been fully and completely settled before the meeting was called to order and agreement had been reached on all the clauses embodied in both the amalgamation agreement and the by-laws. The location of permanent headquarters will be decided after incorporation by means of a referendum.

The object of the new organization is to forward the interests of farmers through influencing legislation, promoting cooperative buying and selling among its members and to engage in such activities. The organization is non-sectarian and is prohibited from allying itself with any political party or contributing any of its funds to a political party.

REPORTED BY THE ASSOCIATIONS

A series of farm bureau and cotton association rallies will be held in Louisiana during the week of August 30. Six meetings are planned at school centers of the state and preparations are being made for large crowds.

Fieldmen for the Interstate Milk Producers' Association, Philadelphia, during June made 7,624 milk tests, inspected 92 plants, took part in 12 meetings with an attendance of 1,099, signed 107 new members with 773 cows, and called on 361 old members.

More than 175 meetings were held by the management of the Central States Soft Wheat Growers' Association, Indianapolis, Ind., with the membership of the organization during the summer months. It is reported that about 5,000 wheat growers attended these meetings.

Field meetings are being held during the summer by the management of the Tennessee Cotton Growers' Association, Memphis, throughout the territory served by the association. At these meetings the officers of the association meet the members face to face and answer many questions.

Up to August 1 the Montana Wool Marketing Association had made 408 advances to members on wool. These advances ranged from \$20 to \$50.200 and aggregated \$932,251. Two advances were for sums between \$45,000 and \$50,200, and 45 were for sums between \$20 and \$100. The largest number, 139, ranged between \$100 and \$500.

Under the leadership of a committee appointed by the board of directors, the membership of the Dairymen's League Cooperative Association, Inc., New York City, is planning a region-wide celebration of the tenth anniversary of the beginning of the organization. On October 1, 1916 the first milk strike was called and it has been suggested that the proposed celebration be on October 1 or 2 of this year. The plans being considered, include pageants by local groups all over the League territory, also meetings with suitable addresses.

The manager of the Farmers' Union State Exchange, Omaha, Nebr., reported recently that the expenses of operation for three of the branch stores operated by the Exchange were 6.5 per cent, 7.6 per cent and 9 per cent of total sales including the sale of produce handled through the store organizations. The total sales for the three branches, including sale of produce, were \$37,463; \$69,132; and \$19,543 respectively. The stockholders of the Exchange receive semi-annual dividends of 4 per cent on capital stock held and patrons receive annual refunds in accordance with their purchases.

REPORTS ON COOPERATIVE TOBACCO MARKETING

Several preliminary reports, dealing with the "Cooperative Marketing of Tobacco" in the various producing sections, have been prepared and will be available for distribution in the near future. Two of the reports already issued deal with the cooperative marketing efforts in the Wisconsin section and the Burley producing region of Kentucky. A third report nearly ready for distribution covers the subject of cooperative marketing in Southern Maryland. These reports were prepared by G. O. Gatlin, of the Division of Cooperative Marketing of the Federal Department of Agriculture. Copies may be had from the Division of Cooperative Marketing, Department of Agriculture, Washington, D. C.

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NEW BULLETIN REGARDING MARKETING FRUITS AND VEGETABLES

Copies of a new bulletin dealing with "Management Problems of Cooperative Associations Marketing Fruits and Vegetables" are now available for distribution. The authors are A. W. McKay and W. J. Kurht of the Division of Cooperative Marketing, U. S. Department of Agriculture. Among the more important subjects discussed are: Control of delivery, inefficient sales service, retailing methods and margins, membership control, contracts, by-laws, accounting records, pooling, methods of sale, advertising, and functions of the cooperative association. Charts and pictures have been used to supplement the text. Requests for copies may be addressed to Division of Cooperative Marketing, Department of Agriculture, Washington, D. C.

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A STUDY OF COOPERATIVE GRAIN ELEVATORS

An "analysis and summary of the financial condition and operations of sixty-five farmers' elevator companies in the state of Illinois" has been issued in mimeographed form by the Illinois Agricultural Cooperatives Association, Chicago, Ill. The study is based on audits made of the 65 companies for business years closing between September 30, 1925, and February 28, 1926. In most cases the period covered was the calendar year 1925. The analysis deals with balance sheet information, income and expense statements, accounts receivable and average gross margins on grain. In the conclusion are given six reasons for the successes of the 34 enterprises which were successful and four causes for the losses sustained by 31 of the companies.

SELECTED LIST OF PUBLICATIONS AND ARTICLES

- A Lesson in Cooperative Marketing. (Land O'Lakes Creameries, Inc.) Iowa Homestead, Des Moines, July 29, 1926, p. 1.
- Cooperative Tobacco Marketing -- Some Plans Whereby a Great Movement may "Come Back." Progressive Farmer, Raleigh, N. C., August 14, 1926, p. 854.
- King, Clyde L. Eight Years of Cooperative Milk Selling in Baltimore Market. Maryland Farmer, Baltimore, August 16, 1926, p. 1.
- Lloyd, Walter H. Cincinnati Dairymen Win Victory: Cooperative Awarded \$15,000 damages in Suit Against Milk Dealers. Ohio Farmer, Cleveland, June 5, 1926, p. 3.
- Longley, W. V. Cooperative Potato Marketing. (Minn.) Iowa Homestead, Des Moines, July 29, 1926, p. 2.
- McKay, L. F. Organization of Cotton Farmers. - An Address Before Texas Educational Conference. Farm Bureau News, Dallas, Texas, August 15, 1926, p. 9.
- Macklin, Theodore. Agriculture's Industrial Revolution -- An Address. Western Producer, Saskatoon, Saskatchewan, August 5, 1926, p. 7.
- Morris, Graydon L. Condition of Black Tobacco Farmers Desperate. Tennessee Farm Bureau News, Columbia, August 10, 1926, p. 4.
- Ozark Berries are sold to the Highest Bidder -- Cooperation and Competition have made a real market for them. Oklahoma Farmer-Stockman, Oklahoma City, July 1, 1926, p. 6.
- Smith, William B. The Psychology of Cooperation, California Cultivator, Los Angeles and San Francisco, August 7, 1926, p. 125.
- Time an Important Factor in Cooperative Marketing. Editorial, Michigan Milk Messenger, Detroit, August, 1926, p. 4.
- Wisconsin Tobacco Pool Meeting. Wisconsin Farmer, Madison, August 12, 1926, p. 10.
- Walker, John H. What is the Relation of Producers and Consumers in the Cooperative Movement -- From the Viewpoint of the Labor Leader. Cooperation, New York, August, 1926, p. 146.

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